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SUBJECT: BARCELONA'S SUMMER OF DISCONTENT

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11. (SBU) Summary: A spate of infrastructure failures over the summer angered Catalans even as they prepared for their summer holidays, and calls for greater autonomy or outright independence by current and former political leaders only added fuel to the fire. The signing of an agreement between the Generalitat and the GOS that reportedly increases the total cost of Spanish state investment in Catalonia for 2007; modifies (in favor of the region) for this year and succeeding years the method by which such investments are calculated; and establishes safeguards for the fulfillment of these commitments might go a long way towards resolving festering grievances. In the end, it will be the government's ability to abide by its covenant with Catalonia that will garner continued support for PM Zapatero. While calls for independence might be the fashion now, they will almost surely die down - Catalonia is will not be leaving the fold for the foreseeable future. End Summary.

A Summer of Discontent

12. (SBU) The yearly summer airport crush, which seemed more brutal and chaotic than previous years, came first. It was followed by the near total breakdown of the commuter rail system and a poorly planned and ill-received visit by Infrastructure Minister Magdalena Alvarez. The last straw came, however, mid-July when fires at two sub-stations outside the city caused a two-week long black out, millions of euros in damages for business and homeowners at the very moment when most of the political class had abandoned the city for their vacations.

13. (SBU) Citizens' ire was further provoked when national government ministers and regional leaders snapped at each other over whether or not Catalonia was receiving its fair share of the resource pie. Alvarez insisted investment in Catalonia was appropriate and fair, but implied it had been misspent by local and regional leaders. Local leaders blamed the national government for ignoring problems that had been festering for years, and the energy companies blamed politics and poor infrastructure planning before grudgingly agreeing to give cash rebates to affected customers.

14. (SBU) Little wonder then that a year after Catalonia's "Estatut" was signed and ratified by national and regional assemblies nationalist feelings boiled over. Convergence and Union (CiU) President Artur Mas and Republican Left (ERC) regional Vice President Carod-Rovira echoed former regional presidents Pasqual Maragall (PSC) and Jordi Pujol (CiU) in calls for either greater autonomy for the region, or outright independence. These events, coupled with the burning of a portrait of King Juan Carlos and Queen Sofia during their September 13 visit to Girona were clear signs - if more signs were needed - that frustration was mounting.

Throwing Money at the Problem

15. (SBU) In the end, the answer to all these ills seemed simple:

throw money at them. On September 19 GOS Economy Minister Pedro Solbes and Generalitat Economy Councilor Antoni Castells signed a funding agreement covering the next six years. The agreement significantly increases the total cost of Spanish state investment in Catalonia for 2007 (up 24 percent); modifies (in favor of the region) for this year and succeeding years the method by which such investments are calculated; and establishes safeguards for the fulfillment of these commitments, according to reports. By reaching this accord, the GOS recognized something the Catalans have been insisting for years: that the national government has not been devoting a fair share of the national budget for infrastructure in Catalonia.

16. (SBU) In Barcelona, the agreement has met mixed reviews, and most Catalans are taking a wait and see attitude. Some have expressed suspicions that this is a pre-electoral trick by the Zapatero government, which fears abstentions in Catalonia in the next general elections could endanger the Socialist Party's (PS) hold on power - a legitimate fear since his party now counts on the support of Catalonia's 23 delegates in the national assembly. Miquel Valls, President of the Barcelona Chamber of Commerce, told CG September 20 the GOS was also worried that the region's regional business leaders would continue their highly public attacks on the government for not spending enough on infrastructure (rail transport, roads, the airport) or honoring its commitments. Valls added he thought this latest agreement would stick.

17. (SBU) Comment: Zapatero is not likely to lose support from Catalan voters, who go to the polls - the key, however, will be getting them there when the time comes. Abstentions, which have been tracking upwards in recent regional and local ballots, caused a minor upheaval during the May 27 local elections. Some tactical spending in the right places could tip the balance in the Prime Minister's favor even from a jaded Barcelona citizenry. Nationalist/independence parties are probably making a mistake if they believe Barcelona's recent travails will lead to an outpouring of support for cessation. Polls continue to show that while Catalans are unhappy with perceived slights from Madrid what they really want is a better relationship with and more signs of respect from the central government; not a break

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from Spain. End comment.
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